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TO: Yellow Beret Committee

FROM: Don Perata

We finally have a draft of our "Yellow Beret" efforts.

I believe it offers a clear, concise strategy to realign local services and save significant money.

The substantiating data well serves the conclusions.

I would like to release this report to the public and Alameda/Contra Costa Board of Supervisors for public hearing and comment.

This would be pursuant to giving the report to the Assembly Local Government committee.

I would appreciate your expeditious review and comments.

Thank you.

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DRAFT - 5/14/94

REPORT ON THE CONSOLIDATION OF LOCAL GOVERNMENT

BACKGROUND

In March 1993, Supervisor Don Perata of the County of Alameda and Supervisor Tom Powers of Contra Costa County initiated discussions regarding a joint effort into the consolidation of services for the two Counties. These discussions were prompted by the Supervisors' mutual awareness and appreciation of the growing problem within the state of California - namely, the proliferation of independent special districts and their negative impact on local government to meet the needs of its citizens in providing services in an efficient and cost-effective manner.

It was clear to both Supervisors Perata and Powers that the budget difficulties facing the state of California over the recent years were being felt dramatically at the local level due to the state government's ability to shift the burden of delivery of public services to local governments. Unfortunately, the convoluted structure of local government, which developed as a function of the growth in the state's population and its geographic concentrations over the last thirty years, presented a considerable stumbling block to the assimilation of this shifted burden. For local governments to effectively react to this change in accountability, they must take the lead in restructuring their own environment. Only by doing so can they more effectively and accurately determine the requirements of their citizens and control the resources necessary to meet the established priorities.

In order to pursue the joint effort of addressing this challenge, Supervisor Perata convened a task force of representatives from the Counties of Alameda and Contra Costa. The task force consisted of representatives from local government (i.e., city, county, school and special districts), private industry, organized labor and taxpayers' associations. At their first meeting, they decided on a name for the task force - "Yellow Berets" - in order to focus on the group's military-like mission and fervor to alert the community to the need for consolidation and greater efficiency in government. Members of this task force met on a frequent and regular basis over the past year. Subcommittees were established and information was obtained to determine representative service areas to consider for restructuring and consolidation.

SCOPE

Early research into the extent and nature of the problem led to the determination of a number of key facts. On an annual basis, approximately 6,700 agencies of local government spend over $72 Billion throughout the state of California. Of these local agencies, only a small number account for the traditional structure of city and county governments, with approximately 460 cities and 58 counties formed within the state of California. The remaining number of local government agencies in the state, nearly 6,200, are made up of 5,122 special districts and 1,006 school districts.

Special Districts:

The 1990-91 Annual Report of Financial Transactions Concerning Special Districts of California, prepared by the State Controller's Office, is the most current and accurate data available on special districts. This data shows that of the 5,122 special districts in California, 3,183 of these districts, over 62 %, have their own governing body, either elected or appointed. Of the remainder of special districts in California, 1,781 of them fall under the authority of a county board of supervisors, while only 158 are governed by a city council. Special districts have substantially the same general governmental powers as those shared by most cities and counties under the State's Constitution and Statutes. These powers, for the most part, give the district autonomy and continuous corporate life, the ability to sue and be sued, the right of eminent domain, to appoint and employ work force, to employ counsel, to enter into and perform contracts, to adopt a seal, and to tax. Some districts have the statutory power to issue bonds and to adopt ordinances under which violations are punishable.

Special districts are different from most other governmental entities in that they may cover only a small portion of a city or county, or they may be multi-city or multi-county in scope. They may be contiguous or not. They may be limited to a single mission or purpose, or they may perform a multiplicity of functions or activities.

Special districts are categorized and reported on by the State Controller's Office based on the activity performed by the district, such as, air pollution control, fire protection, transit services, etc. These districts are further classified into performing either enterprise or non-enterprise activities. Special districts that perform their activities on an enterprise basis are those that directly generate revenue from the sale of their services, as in the case of electric or water utilities, hospitals or waste disposal districts. Non-enterprise districts, by contrast, are those that are operated and administered as a government unit, and are financed form taxes or other general revenues.

A breakdown of the number of special districts by enterprise and non-enterprise activities for the Counties of Alameda and Contra Costa, as well as the for the State, is as follows

	ALAMEDA	CONTRA COSTA	CALIFORNIA
Enterprise Activities:			
Electric	1	0	49
Hospitals	2	4	80
Transit	4	9	74
Waste Disposal	9	16	621
Water Utility	5	14	885
Other	0	0	29
Subtotal-Enterprise	21	43	1,738

	ALAMEDA	CONTRA COSTA	CALIFORNIA
Non-Enterprise:			
Ambulance Service	1	1	73
Cemetery	0	2	256
Drainage	0	5	198
Fire Protection	9	16	578
Flood Control	1	1	95
Land Reclamation	1	12	127
Library Services	3	4	38
Lighting	1	9	735
Planning	3	0	44
Parking	0	1	26
Pest Control	2	1	70
Police Protection	1	8	50
Recreation & Park	5	11	292
Resource Conservation	1	1	113
Streets & Roads	4	8	381
Animal Control	1	0	7
Self-Insurance	8	5	147
Financing Facilities	25	22	565
Government Services	0	2	38
Other	0	0	68
Subtotal-Non-Enterprise	66	109	3,901
Totals	87	152	5,639

It is worth noting for clarification that when categorized by separate activity performed, the number of districts is approximately 10% higher than the actual number of districts in the state, i.e., 5,122. This is attributable to the fact that some districts perform multiple activities, and are accounted for more than once.

A significant measure of the financial impact of special districts is the level of annual expenses incurred in the support of their operations. For 1990-91 the total expenses for California's special districts was $12.9 Billion Dollars, of which enterprise activities accounted for $9.7 Billion of expenditures and non-enterprise activities $3.2 Billion. For Alameda County's 87 special districts, the total expenses for 1990-91 were $1.062 Billion with $873 Million in enterprise activities and $189 Million in non-enterprise activities. Contra Costa County's 152 special districts spent a total of $470 Million for expenditures in 1990-91, enterprise activities accounting for $334 Million and non-enterprise activities $136 Million.

School Districts:

The 1,006 school districts in the state of California can be broken down into elementary, high school and unified school districts. The following table reflects this breakdown for Alameda and Contra Costa Counties as well as for the State.

	ALAMEDA	CONTRA COSTA	CALIFORNIA
Elementary	1	9	601
High School	0	2	109
Unified	17	7	296
Total School Districts	18	18	1,006

Within each county there is an Office of Education, that coordinates and oversees the school districts within its boundaries.

OBJECTIVES

From the outset, the Yellow Beret Task Force recognized the diversity and number of special and school districts within the two Counties; and the complexities of their common and overlapping authorities and functions with city and county governments. The Task Force agreed that it should concentrate on a select number of community services for a more detailed analysis. By looking at a select number of specific cases, the Task Force felt that it could better understand and determine the approach to consolidating such service areas, as well as estimate the potential cost savings of such consolidations.

After an extensive review of the special district service areas in the Counties, the Task Force decided to concentrate on a select number of representative districts, two enterprise activities and four non-enterprise, for detailed consideration and analysis. They were:

Enterprise Activities:

- Water Utility
- Waste Disposal

Non-Enterprise Activities:

- Flood Control
- Ambulance/Emergency Medical Services
- Library Services
- Police Protection

With respect to school districts, the Task Force wanted to focus on the service area of the Office of Education both in Alameda and Contra Costa County and the relationship with their respective school districts as well as each other.

In terms of its objectives, the Task Force planned to follow a standard review process of each district with the goal of accomplishing the following steps:

1. **Review and Assessment.**
   a) Evaluate current operations as to: services performed, manner of governance, inter-relationships with other local governmental agencies, level of operating expenditures, and staffing.
   b) Identify areas of waste, duplication and redundancy.
2. **Recommendations.**
3. **Potential Annual Savings.**

WATER UTILITY SERVICES

Review and Assessment:

There are 15 special districts that perform water utility services throughout the Counties of Alameda and Contra Costa; this compares to a state-wide total of 885. Each district has its own independent governing body, a board of directors, which is generally composed of 5-7 members, and a general manager to direct district operations on a day-to-day basis.

The services provided by water utility districts involve the acquisition, treatment, and distribution of water to business, industrial, residential and institutional users. Water districts operate and maintain water treatment and conveyance facilities as well as ensure that the water quality is maintained. A summary of revenue, expenses and net income by county, as well as fixed asset additions, for the water utility service districts in the 1990-91 year is as follows:

($ Million's)	Total			Fixed Asset	1990-91 Percentage
County	Revenue	Expenses	Income	Additions	Increase
Alameda County (4)	$195.4	$165.4	$30.0	$195.1	18.3%
Contra Costa (11)	76.7	41.3	35.4	63.7	37.0%
Totals (15 Districts)	$272.1	$206.7	$65.4	$258.8	20.9%

Alameda County:

The County of Alameda has four special districts to perform water utility services. They are: East Bay Municipal Utility, Alameda County Water, Alameda Flood Control and Dublin/San Ramon Services.

The East Bay Municipal Utility District is by far the largest water utility district in Alameda County. It has operating revenue three times that of the rest of the districts combined. It evolved from the original Oakland Water Company, and has grown to serve a population of 1.2 million people. The District spans the East Bay from Crockett to San Lorenzo, encompassing an area of 325 square miles. The major cities served by the system include Richmond, Berkeley, Oakland and San Leandro. The District's distribution network maintains over 3,800 miles of pipe drawing from the Pardee Reservoir as the primary source, and pumping an average of 200 million gallons per day to its users. The District has approximately 1,800 employees.

The second largest water utility in the County is the Alameda County Water District. It was organized in 1914. It serves an area of 96 square miles and a population of nearly 280,000 people, including the major cities of Fremont, Newark and Union City. The District maintains over 757 miles of pipe, and supports an average daily consumption of 41.25 million gallons per day. The district functions with a staff of 176 full-time employees.

The four water utility districts in Alameda County range widely in size. In the 1990-91 Annual Report by the State Controller, annual operating expenses for the districts range from less than $4 Million (Dublin/San Ramon Services) to nearly $104 Million (East Bay Municipal Utility). A review of the operating statements, along with a breakout of administration and general expenses, for the County and its four water utility districts reflects the following:

($ Million's)	Operating			Admin & General	% of Operating
Water Utility Districts	Revenue	Expenses	Income	Expenses	Revenue
East Bay Municipal Utility	$110.35	$103.81	$6.54	$24.13	21.9%
Alameda County Water	21.64	25.55	-3.91	8.31	38.4%
Alameda Flood Control	5.18	7.41	-2.23	1.88	36.3%
Dublin/San Ramon Services	2.57	3.63	-1.06	2.52	98.1%
Totals (4 Districts)	**$139.74**	**$140.40**	**$-.66**	**$36.85**	26.4%

Contra Costa County:

Contra Costa County has 11 special districts providing water utility services. They are: Contra Costa Water, Oakley Water, East Contra Costa Irrigation, Byron-Bethany Irrigation, Castle Rock Water, Diablo Vista Water, Crockett-Valona Water, El Sobrante Water, County services Area M-25, Oakley-Bethel Island Water Management Authority, and County Water Agency.

Of these eleven, the dominant district in the County is Contra Costa Water District. It accounts for 90% of the County's annual operating revenue. It was formed as a legal entity in 1936. The District serves approximately 400,000 people over the central and northeastern parts of the County; an area in excess of 188 square miles, including the cities of Martinez, Pleasant Hill, Concord, Walnut Creek, Pittsburg and Antioch. The District's main source of water is the Sacramento-San Joaquin (Bay-Delta) estuary. Its supply system consists of the 48 mile Contra Costa Canal and the reservoir storage facilities at Contra Loma, Mallard and Martinez. Contra Costa Water District's distribution network maintains over 735 miles of pipe, 42 storage reservoirs, and 32 pump stations. The District's customers consume water throughout the year at a rate of 91 million gallons per day. The district maintains a staff of 275 full-time equivalent employees.

The eleven water utility districts in Contra Costa County differ dramatically in the size of their operations. Looking at the 1990-91 annual operating expenses, only three of the eleven districts had expenditures of more than $1 Million. Collectively, the three accounted for over 95% of the total annual operating expenditures made for water utility services in the County.

A review of the operating statements, along with a breakout of administration and general expenses, for the three water utility districts and for the County in total reflects the following:

($ Million's) Water Utility Districts	Operating Revenue	Operating Expenses	Operating Income	Admin & General Expenses	% of Operating Revenue
Contra Costa Water	$51.07	$26.18	$24.90	$9.11	17.8%
Oakley Water	4.03	2.71	1.32	0.54	13.4%
East Contra Costa Irrigation	1.01	1.57	-0.56	0.44	43.6%
All Other Districts (8)	0.77	0.49	0.28	1.65	214.3%
Totals (11 Districts)	**$56.88**	**$31.95**	**$24.94**	**$10.74**	**18.9%**

Recommendations:

After reviewing the water utility districts with respect to service activity, structure and cost of operations in both Alameda County and Contra Costa County, the following recommendations can be made:

1) **Consolidate administration and general functions within each county.**

- Alameda County has 4 separate districts, all of which maintain some level of administrative activity. This is clearly inefficient and redundant. Administrative and general expenses in the private industry sector average approximately 14% of operating revenue. The water utility districts in Alameda County are collectively running at a level of operating expense of over $36.8 Million annually, a rate in excess of 26.4%, or approximately 89% higher than private industry companies managing similar operations. This translates into unnecessary expenditures in excess of $17 Million per year.

- Contra Costa County's 11 water utility districts incur over $10.7 Million each year for administrative and general expenses, or 18.9% of operating revenue. The County is experiencing a rate of administration and general overhead 35% higher than privately-owned companies in the same industry. On a consolidated basis, the county could expect a reduction of their annual operating expenses by more than $2.8 Million.

2) **Reduce operating and maintenance expenditure levels.**

- As reflected above, the water utility districts in Alameda County in 1990-91 reported an operating loss of $700,000. Financial & Operating Data for Investor-Owned Water Utilities (100 companies throughout the United States) reported a combined operating income in 1992 that was 22% of their operating revenues. Using this standard, Alameda County should have generated an operating income of over $30 Million. Adjusting out the $17 Million of savings for the consolidation of administration and general expenses noted above, this would still mean that the County should reduce its operating and maintenance expenses by an additional $13 Million to achieve an average level of operating results.

3) **Reduce fixed asset expenditures.**

- Alameda County water utility districts began the year with net fixed assets of $1.1 Billion (i.e., an original cost of $1.4 Billion with an accumulated depreciation of $.3 Billion). The Financial & Operating Data for Investor-Owned Water Utilities (100 private-industry companies throughout the United States) reported a combined operating income in 1992 that was 7% of their net fixed assets. This would be a measure similar to a return on investment (ROI) used in the private sector to measure the success of operating results as well as to justify fixed asset expenditure levels. By applying this same measure, Alameda County would have been expected in 1990-91 to have generated an operating income of approximately $75 Million on the net assets employed throughout the year. As noted above, based upon its operating revenue the County should have earned an operating income of $30 Million. The conclusion drawn is that Alameda County has an amount of net fixed assets well over twice that which is justified based upon its level of operating activity. Nevertheless, the County continued to increase its fixed assets, adding $195.1 Million, or over 18% to the net fixed assets during the 1990-91 year.

Potential Annual Savings: **$32.8 Million**

WASTE DISPOSAL SERVICES

Review and Assessment:

There are 25 special districts that perform waste disposal services throughout the counties of Alameda and Contra Costa; this compares to a state-wide total of 621. In most cases, each district has its own independent governing body, a board of directors, which is generally composed of 5-7 members, and district operations are directed on a day-to-day basis by a general manager.

The services provided by waste disposal districts encompass the collection, treatment and disposal of both wastewater and solid waste. Not all districts provide services in both areas. The wastewater or sewerage operations initially involve the collection and transportation of wastewater from residential, industrial and commercial sources, which is done through a network of sewer pipers and pumping stations. The next step deals with the treatment of the wastewater in a plant that combines physical and biological processes to remove the required levels of the solid and organic materials found in the wastewater. The final phase is to dispose of the solid waste and to discharge the treated water. The solid waste operations are the traditional garbage collection and disposal, including the operation of a solid waste disposal site.

A summary of revenue, expenses and net income by county, as well as fixed asset additions, for the waste disposal service districts in the 1990-91 year is as follows:

($ Million's) County	Total Revenue	Total Expenses	Total Income	Fixed Asset Additions	1990-91 Percentage Increase
Alameda County (9)	$117.1	$77.1	$40.0	$92.2	18.8%
Contra Costa (16)	83.6	59.2	24.4	35.3	8.0%
Totals (25 Districts)	**$200.7**	**$136.3**	**$64.4**	**$127.5**	**13.7%**

Alameda County:

The County of Alameda has nine special districts to perform waste disposal services. They are: Dublin/San Ramon Services, Oro Loma Sanitary, Union Sanitary, East Bay Municipal Utility, Castro Valley Sanitary, Livermore-Amador Valley Water Management Agency, Tri-Valley Wastewater Authority, East Bay Discharges Authority, and County Services. Although some of these districts were formed in the early 1900's, such as Oro Loma in 1911, most of these districts came into existence later with the significant population growth throughout the County.

The Union Sanitary District distinguishes itself as one of the two largest in the County (the other being the East Bay Municipal Utility District). Union Sanitary was formed in 1918, and has grown to serve a population of 265,000, including the cities of Fremont, Newark and Union City, in an area of 125 square miles. Its system of wastewater collection maintains over 716 miles of sewer pipes, and its wastewater treatment plant processes an average of 24 million gallons per day. The district has 143 employees.

The nine waste disposal districts in Alameda County vary quite dramatically in size. In the 1990-91 Annual Report by the State Controller, annual operating expenses for the districts range from less than $3 Million in expenditures to more than $30 Million. Each of the first four districts detailed above have an annual operating expenditure level in excess of $3 Million, and account collectively for over 90% of the total annual operating expenditures made for waste disposal services in the county. A review of the operating statements, along with a breakout of administration and general expenses, for the county and its four major waste disposal districts reflects the following:

($ Million's) Waste Disposal Districts	Operating Revenue	Operating Expenses	Operating Income	Admin & General Expenses	% of Operating Revenue
Dublin/San Ramon Services	$6.50	$5.84	$.66	$1.04	16.0%
Oro Loma Sanitary	6.27	6.09	.18	1.42	22.7%
Union Sanitary	23.36	21.17	2.19	6.11	26.2%
East Bay Municipal Utility	34.21	29.44	4.78	3.92	11.5%
All Other Districts (5)	4.73	6.64	-1.92	1.06	22.1%
Totals (9 Districts)	**$75.07**	**$69.18**	**$5.89**	**$13.55**	**18.0%**

Contra Costa County has 16 special districts providing waste disposal services. They are: Central Contra Costa Sanitary, West Contra Costa Sanitary, Delta Diablo Sanitation, Richmond Municipal Sewer, Byron Sanitary, Crockett-Valona Sanitary, Mountain View Sanitary, Oakley Sanitary, Rodeo Sanitary, Stege Sanitary, County Sanitation No. 5, County Sanitation No. 78, County Sanitation No. 15, County Sanitation No. 19, Oakley-Bethel Island Water Management Authority, and West County Agency. On a combined basis, these districts employ over 450 people to perform operational, technical, professional and administrative activities.

Of these sixteen, the largest district in the County is Central Contra Costa Sanitary District, which is larger than all of the other waste disposal districts combined. It was formed in 1946 to provide services to a primarily rural and agricultural area with a population of 14,000. Today, the District serves a total of approximately 386,000 people in terms of wastewater treatment. Its system of sewage collection includes nearly 1,300 miles of underground pipes and 21 pumping stations. Central Contra Costa Sanitary District has 280 full-time equivalent employees.

The sixteen waste disposal districts in Contra Costa County, as in the county of Alameda, differ significantly in size of operations. Looking at the 1990-91 annual operating expenses, the districts ran in magnitude from less than $3 Million in expenditures to more than $30 Million. Each of the first four districts detailed above have an annual operating expenditure level in excess of $3 Million, and account collectively for 87% of the total annual operating expenditures made for waste disposal services in the Contra Costa County. A review of the operating statements, along with a breakout of administration and general expenses, for the county and its four major waste disposal districts reflects the following:

($ Million's)	Operating			Admin & General	% of Operating
Waste Disposal Districts	Revenue	Expenses	Income	Expenses	Revenue
Central Contra Costa	$25.93	$30.49	$-4.56	$7.56	29.2%
West Contra Costa	6.92	4.87	2.05	.95	13.7%
Delta Diablo	8.07	8.76	-0.69	2.13	26.4%
Richmond Municipal Sewer	4.96	4.22	0.74	4.22	85.1%
All Other Districts (12)	6.65	7.27	-0.62	3.20	48.1%
Totals (16 Districts)	**$52.53**	**$55.61**	**$-3.08**	**$18.06**	34.4%

Recommendations:

After reviewing the waste disposal districts with respect to service activity, structure and cost of operations in both Alameda County and Contra Costa County, the following recommendations can be made:

1) **Consolidate administration and general functions within each county.**

- Alameda County has 9 separate waste disposal districts, all of which maintain some level of administrative activity. This is clearly inefficient and redundant. Administrative and general expenses in the private industry sector average approximately 14% of operating revenue (East Bay Municipal Utility District's administration and general expenses ran at a rate of 11.5% of operating revenue). The waste disposal districts in Alameda County are collectively running at a level of operating expense of over $13.5 Million annually, a rate in excess of 18%, or approximately 29% higher than private industry companies. This translates into unnecessary expenditures in excess of $3 Million per year.

- Contra Costa County's 16 waste disposal districts incur over $18 Million each year for administrative and general expenses, or 34.4% of operating revenue. This is a level two and a half times that of private industry standards. On a consolidated basis, the County could expect a reduction of their annual operating expenses by more than $10.7 Million.

2) **Reduce fixed asset expenditures.**

- Alameda County waste disposal districts began the year with net fixed assets of $490 Million (i.e., an original cost of $640 Million with an accumulated depreciation of $150 Million). The County's operating income in 1990-91 was only 1.2% of their net fixed assets. As noted above, this is a measure similar to a return on investment (ROI) used in the private sector to measure the success of operating results as well as to justify fixed asset expenditure levels. This amount of operating income in relation to the amount of net assets utilized is below an unacceptable level. Nevertheless, the County continued to increase its fixed assets, adding $95.2 Million, or nearly 19% to the net fixed assets during the 1990-91 year.

- Contra Costa County waste disposal districts began the year with net fixed assets of $443 Million (i.e., an original cost of $535 Million with an accumulated depreciation of $92 Million). The County had an operating loss in 1990-91 of $-3.1 Million. This operating loss in relation to the amount of net assets utilized is unacceptable. During the year, Contra Costa County increased its fixed assets, adding $35.3 Million, or approximately 8% to the net fixed assets during the 1990-91 year.

Potential Annual Savings: **$13.7 Million**

FLOOD CONTROL

Review and Assessment:

The Counties of Alameda and Contra Costa each have one district to address the activity of flood control and water conservation. The activity level and resource commitment of the flood control and water conservation district in Alameda County is substantially greater than that of Contra Costa County. Through 1991, Alameda County had acquired fixed assets of $95 Million as compared to $1 Million in Contra Costa County.

Alameda County:

Alameda County's Flood Control and Water Conservation District was created in 1949. The District was formed to provide for the conveyance and conservation of flood and storm waters; the protection of watercourses, watersheds, public highways, and life and property from damage or destruction from such waters; the prevention of waste or deterioration of the water supply; and the development and importation of water for beneficial use within the district. The District's boundaries coincide with those of Alameda County.

In terms of governance, the Board of Supervisors of Alameda County are also the Board of Supervisors for the District. They have the authority to adopt all ordinances, resolutions, and other legislative acts necessary for the administration and governing of the District. The basic act of the District provides for the formation of zones in the areas where improvements are to be constructed. The zone boundaries are established so that each zone generally constitutes a major watershed. Each of these zones is a financial entity which provides the funds for construction and maintenance of the facilities within its particular zone. The Board of Supervisors are empowered to levy taxes or assessments in each or any of the zones to pay the cost of constructing and maintaining the approved projects. The Alameda County flood control system, consisting of 10 active zones, is an integrated flood protection program which includes such means of controlling water as dams, debris basins, levees, channels, pump plants, pipelines, etc.

Zone 7, which comprises 425 square miles, or more than half the area of Alameda County, is the only zone which has its own elective board of seven directors. All proposed budgets, projects or taxes of Zone 7 must first be approved by the Zone Board of Directors prior to consideration by the Board of Supervisors. In addition to its flood control work, Zone 7 imports water from the California Water Projects, filters and purifies the water at two water treatment plants and delivers it into the municipal distribution systems in the Livermore, Pleasanton and Dublin areas.

A review of the 1993-94 Budget for the County of Alameda Flood Control and Water Conservation District reflects the following:

	1993-94 BUDGET
Salary & Benefits	$27,246,308
Services & Supplies	6,785,722
Other	1,045,389
Fixed Assets	827,216
Total District Costs	**$35,904,635**

The staffing in support of this budget includes 88 management and 383 non-management employees for a total of 471.

Contra Costa County:

The Contra Costa County Flood Control District has the same geographical boundary as the County, and is governed by its Board of Supervisors. Within the District, individual flood control zones, subzones, drainage areas and stormwater utility areas have been formed to construct and/or maintain drainage systems to reduce stormwater pollution. There are approximately 25 watershed basins within the County that have been subdivided into approximately 184 drainage areas.

The purpose of the District is to plan, design, construct and maintain the drainage infrastructure in Contra Costa County. The District maintains hydrology records for use in forecasting quantities of stormwater runoff, reviews development/improvement plans to insure adequate drainage improvements are provided as a part of the development process, solicits support from state and federal agencies in the construction of regional channel improvements and develops regional drainage plans to serve both city and County areas. The District owns capital facilities in the County consisting of dams, drop structures, concrete lined channels, concrete culverts, earth and rock lined channels and storm drain pipe systems.

The 1993-94 Budget for the Contra Costa Flood Control and Water Conservation District is as follows:

	1993-94 BUDGET
Salary & Benefits	$ 0
Services & Supplies	387,819
Other	0
Fixed Assets	40,000
Total District Costs	$ 427,819

Recommendations:

1) **Consolidate the two county flood control districts into a single regional entity.**

- Each county functions autonomously in the area of flood control and water conservation. Alameda County's level of activity and staffing is significantly greater than Contra Costa County's. It is reasonable to believe that Contra Costa County's flood control effort could be maintained on a regional basis by Alameda County without additional staffing.

Potential Annual Savings: **$.4 Million**

AMBULANCE / EMERGENCY MEDICAL SERVICES

Review and Assessment:

The County of Alameda and Contra Costa County each have one special district to perform ambulance/emergency medical services within their respective county boundaries. These districts are of a type of special district within the county called a County Service Area (CSA) District. There are 15 of such CSA districts in Alameda County and 30 in Contra Costa County. Activities performed by such districts are overseen by the county, and are coordinated through the county's organizational structure. Ambulance/emergency medical services are incorporated into the Health Care Services Agency of the counties.

Alameda County:

In Alameda County, the CSA District EM-1983-1 provides emergency medical services to the residents of the County. The emergency medical services budget covers the total cost to the County of providing paramedic emergency medical services and associated EMS program activities including trauma system costs. The budget provides for subsidizing of emergency paramedic ambulance services, funds for EMT-I training and equipment for fire department first responders, County central dispatch (CMED), trauma system subsidy and Agency administration and medical direction of the EMS program.

A review of the 1993-94 District EM-1983-1 Budget for the County of Alameda reflects the following:

	1993-94 BUDGET
Salary & Benefits	$ 795,662
Services & Supplies	15,896,798
Other	621,182
Fixed Assets	478,000
Total District Costs	**$17,791,642**

The staffing in support of this budget includes 10 management and 5 non-management employees.

Contra Costa County:

In Contra Costa County, the CSA District EM-1A and EM-1B provides the emergency medical services. The County's 1993-94 budget includes the following:

	1993-94 BUDGET
Salary & Benefits	$ 187,848
Services & Supplies	5,035,443
Other	231,879
Fixed Assets	430,000
Total District Costs	**$5,885,170**

Recommendations:

1) **Consolidate the emergency medical services districts into a single regional entity.**

- Each county provides its own ambulance/emergency medical services, and operates autonomously within their respective county boundaries. Each county maintains separate and distinct certification requirements with respect to emergency medical professionals. As a result, there are occasions when response time is less than optimal due to these restrictions. Consolidation would offer more efficient and effective service to the public, at the same time saving on purchased services and administrative costs.

Potential Annual Savings: **$2.4 Million**

LIBRARY SERVICES

Review and Assessment:

Alameda County:

The Alameda County Library, which incorporates three special districts, provides library services throughout the county, except for the cities of Berkeley, Oakland, Piedmont, Emeryville, Alameda, Hayward, San Leandro and Livermore. The unincorporated areas are served by branch libraries in San Lorenzo and Castro Valley. The Main Library is located in Fremont with services provided by branches located in the cities of Dublin, Newark, Union City, Pleasanton and Albany. Additionally, outreach services are offered through the Bookmobile, the Literacy Program, the Senior Outreach Program, the County Jails and by contract with the federal Correctional Institution in Dublin.

The library services provided by the County can be broken down into three major service areas; public services, administration and support services, and automated and technical services. Public services are the core services made directly available through the collection of materials, including books, magazines/newspapers, videos, etc., for users of all ages. It also includes reference and information services in person and by telephone. Other public services involve specialized programs for children, literacy tutoring and senior outreach.

Administration and support services provide centralized system-wide management and administration of the County library including personnel and payroll services; emergency staffing and scheduling; secretarial and clerical support; building maintenance; centralized purchasing of office equipment and supplies; business and accounting services for the payment of system invoices; delivery services from the Administrative Headquarters to and between the branch libraries; centralized mail services; and community and public relations coordination for the system.

Automated and technical services provide system-wide support for the management and maintenance of an integrated automated system, providing both circulation services and catalog information for the public, system automation training, and public and staff PC support; centralized ordering, cataloging, and processing of library material; centralized interlibrary loan services within the library system and to outside libraries; and the maintenance of information and referral files. The library system software, provided and supported by Innovative Interfaces of Berkeley, is the latest-generation of software, and is a fully integrated circulation system.

The 1993-94 Proposed Budget for the County Library called for $9.9 Million of appropriations with a breakdown as follows:

	1993-94 BUDGET
Salary & Benefits	$6,147,618
Services & Supplies	3,256,597
Other (net of Intra Fund Transfers)	363,916
Fixed Assets	110,210
Net Appropriations	$9,878,341

The projected staffing needs for the Alameda County Library for the 1993-94 Budget year called for 35 management and 124 non-management employees for a total of 159.

The Alameda County Library is organized under the 1911 County Free Library Law which now constitutes Sections 19100 - 19180 of the State of California Education Code. As such the Board of Supervisors serves as the governing board for the library. While for purposes of property tax allocation the county library is considered a special district, for operational purposes it operates as a county department and is subject to all the policies, rules and regulations of such. The Board of Supervisors established an advisory Library Commission which now operates with 15 members.

Contra Costa County:

The Contra Costa County Library, which incorporates four special districts, provides services throughout the county, except for the city of Richmond, through a central library, 17 branches, 3 outlets, 2 detention facility libraries and a bookmobile. Its major areas of service are branches and extension services, the central library, community relations, administration and support services.

The 17 branch libraries serve specific cities and communities in the county with a wide range of collections, programs and services for library users of all ages. Each of the branches offers reference services and recreational reading materials for adults and children, building collections that reflect the special interests and composition of the community service areas. In addition, the branches offer a full range of children's programs designed to promote reading and lifelong use of the library for recreation and information. Examples of such programs are Toddler Time and Picture Book Time for preschoolers, and story hours for older children and adults.

The Central Library in Pleasant Hill functions simultaneously as a branch to its immediate geographic area, as the main resource center for the general public of Contra Costa County, and as a back-up for each branch library. The Central Library offers materials and services too costly or impractical to duplicate in every community, but of interest to residents in many communities. As a resource for the branch libraries, the Central Library is where the branch staff look for help, information, advice and service to meet the needs of their users.

As with Alameda County, Contra Costa County Library provides its own Administration and Support Services. Administration is responsible for the overall operation of the library and the effective provision of library services to the public. Major areas of responsibility include planning and evaluating library services,; budget development, expenditure of funds, and the library's additional fiscal responsibilities; personnel administration and labor relations; facilities maintenance, capital projects and new library construction; local, state and federal legislation of interest to libraries; legal requirements and compliance; development and implementation of library policy; and staff development and training.

Support services include both the technical and automation services of the library. The technical services involve the acquiring, cataloging and circulating of library materials. The acquisition unit coordinates the selection of material which is performed by public service staff, identifies and negotiates discounts with vendors and maintains the financial and accounting records. Once materials arrive at the library, they are catalogued on a CD-ROM based system and processed to make them available to the public. The processing unit prepares the material for circulation by entering information into the library's database of materials, and making physical changes to the book, such as putting a label on the spine.

The Contra Costa County Library uses a variety of automated systems and applications to improve the quality and efficiency of services available to the public. The Automation Department maintains the library's automated circulation system on a UNIX-based system operating on a Sequent minicomputer, using 90 terminals to link the 21 library branches with the system at the central administration site. The Automation Department also manages an IBM token ring local area network at the Administration site, enabling the staff to share information and peripherals, and providing training to library staff in word processing, spreadsheets, and graphic design.

The 1993-94 Proposed Budget for the Contra Costa County Library called for $11.1 Million of appropriations with a functional breakdown as follows:

	1993-94 BUDGET
Administration	$1,894,973
Branch & Extension Services	5,684,919
Central Library	2,006,442
Community Relations	222,938
Support Service	1,337,628
Net Appropriations	**$11,146,900**

The projected staffing needs for the County Library for the 1993-94 Proposed Budget year called for 156 employees.

The Contra Costa County Library was organized under the 1911 County Free Library Law which now constitutes Sections 19100 - 19180 of the State of California Education Code. As such the Board of Supervisors serves as the governing board for the library. While for purposes of property tax allocation the county library is considered a special district, for operational purposes it operates as a county department and is subject to all the policies, rules and regulations of such. In 1991 the Board of Supervisors established an advisory Library Commission which now operates with 26 members. The specific advisory duties of the Commission include participating in the planning process, holding public hearings, monitoring the achievement of goals and reporting on such achievements to the Board of Supervisors and County Librarian, making recommendations on the library budget, assisting in the development of policies, and determining necessary funding levels and alternative levels of financing.

Recommendations:

After reviewing the library systems with respect to functionality, structure and cost of operations of both Alameda County and Contra Costa County, the following conclusions became evident:

1) **Consolidate the two county library systems into a single regional entity.**

- Each county functions autonomously providing administrative and technical support to the branches it serves. In the case of Contra Costa County, 36 employees out of a total of 156 are involved in the administrative and technical support effort. In terms of budgeted dollars, this is approximately $3.2 Million, or 29 % of the total budget of $11.1 Million, spent on administrative and support activities.

- In terms of technical services, both counties currently support their own library systems with computer hardware, software and staff. This is a costly duplication in light of ever-changing computer technology. A system analysis should be made to determine which county's computer system can better support the combined entity on a going forward basis.

2) **Assimilate city library systems currently outside the counties' systems into the consolidated structure as branches with the governing authority jointly exercised by the two boards of supervisors.**

- Major cities in both counties have independent and autonomous library systems which duplicate administration and technical support. This is an obvious area of redundancy, and should be eliminated.

Potential Annual Savings: **$2.5 Million**

Note: This does not include the additional costs to consolidate the city libraries, which are presently outside the county system, nor does it include the significant savings (more than offsetting) that would be realized due to such consolidation, since city library budget information was unavailable.

POLICE PROTECTION

Review and Assessment:

The County of Alameda and Contra Costa County both maintain a Sheriff's Department. The central mission of both departments is to preserve the peace and to maintain order within their unincorporated area through the active enforcement of state and local laws, the arrest of violators, the investigation of criminal offenses, and the execution of court orders. To achieve this comprehensive mission, the Sheriff's Departments are staffed accordingly. The 1993-94 budgets reflect a personnel commitment of 1,051 in Alameda County and 459 in Contra Costa County.

The East Bay Regional Park District (EBRPD) is a special district that falls geographically within the consolidated boundaries of both Alameda and Contra Costa Counties. The District's police operations provide basic police services to its parks and recreation areas as well as to the properties of the East Bay Municipal Utility District (EBMUD). The department is responsible for criminal investigations, crime analysis and crime prevention. It consists of patrol teams, an investigations unit and a helicopter unit. The helicopter unit also provides specialized support to other divisions within the District. The 1993-94 budget for the East Bay Regional Park police services is as follows:

	1993-94 BUDGET
Salary & Benefits	$3,543,854
Services & Supplies	311,911
Capital Outlays	110,210
Total Budget	**$3,855,765**

The projected staffing to support this budget is 51 full-time equivalent employees.

Recommendations:

After reviewing police protection for certain special districts with respect to their functionality, structure and cost of operations in both Alameda County and Contra Costa County, the following conclusions became evident:

1) **Consolidate the police services of the East Bay Regional Park District into the Sheriff's Department within each County.**

- EBRPD functions autonomously providing police services and support to the parks and recreation areas within the District. Both Counties maintain the capabilities to carry such services. To have a separate police department for the EBRPD is a redundancy, and a poor utilization of resources currently available.

Potential Annual Savings: **$3.9 Million**

COUNTY SCHOOLS

Review and Assessment:

Both the County of Alameda and Contra Costa County are structured similarly with respect to the Office of Education and the school districts that are located within their boundaries. As previously noted, county offices of education have had traditional ties with both the state and the local school districts that lie within the county boundaries. The county offices have served the role of interpreter and reviewer of state policy, and have had the responsibility of ensuring compliance in the school districts in such areas as fiscal integrity, district boundary changes, credentialing, staff assignment, district organization, and student due process appeals.

The office of education within each county is managed by the superintendent who reports to the board of education. The board of education (7 members in Alameda County and 5 in Contra Costa County) represents the county, and carries out its oversight responsibilities. A primary focus of the Superintendent and the county office is to ensure the level of standards with respect to the professional credentials of certified staff employed at school districts throughout the county. To do so, the county office maintains a fully staffed personnel department.

The following reflects 1992-93 data, compiled by the California Basic Educational Data System (CBEDS), regarding enrollment and staffing for the school districts in Alameda County, Contra Costa County, and the State:

	ALAMEDA	CONTRA COSTA	CALIFORNIA
Enrollment	190,362	134,035	5,195,777
Total Staff	17,419	12,111	488,158

The main functions of the county office of education have developed over the years to include instructional and business services in addition to the basic student services. Instructional services include those that support and give guidance to the districts in the areas of curriculum and basic instruction. The office of education develops and provides the school districts with educational resource programs for their use. Additionally, the counties offer professional development programs to the school districts. The office of education also assists the districts in applying for research and other grants.

The county office of education provides a full range of business services in support of the school districts. These services include not only business and administrative services such as purchasing, payroll, accounting, and data processing, but also support activities such as repair and maintenance of equipment, media circulation, and printing services.

In the area of student services, the county office of education provides a number of core programs and services including the regional occupational program, neighborhood youth corps, alternative education and special education services.

Alameda County:

The 1993-94 Budget for Alameda County's Office of Education called for $14.5 Million of appropriations with a breakdown of expenditures as follows:

	1993-94 BUDGET
Salary & Benefits	$9,974,387
Services & Supplies	3,895,477
Other	219,103
Fixed Assets	404,132
Net Appropriations	**$14,493,099**

This annual budget supported a staffing level of 197 full-time employees.

Contra Costa County:

A summary of the Proposed 1993-94 Budget Appropriations and Staffing by Program Unit for the Contra Costa County Office of Education is as follows:

	1993-94 BUDGET	STAFF
Superintendent/Board of Education	$1,009,239	14
Business Services	4,575,021	52
Instructional Services	936,412	14
Student Services	25,249,051	369
Lottery	313,125	-
Interprogram Charges	(2,194,966)	-
Totals	**$29,888,882**	**449**

Recommendations:

Upon reviewing the current situation with respect to the Office of Education and its relationship to the school districts within both Alameda and Contra Costa County, the following conclusions have been reached:

1) **Consolidate both county offices of education into a single regional entity.**

- Both counties currently provide support services in the areas of administration, business and instructional services to their respective school districts. It is reasonable to conclude that these support functions can be performed on a consolidated basis with only modest increases for computer hardware capabilities and staffing, thus eliminating the need for duplicative resources in these functions. In the case of Contra Costa County, 80 employees out of a total of 449 are involved in the administrative, business and instructional support effort. In budgeted dollars, this is approximately $6.5 Million, or approximately 22 % of the total budget of $29.9 Million, spent on administrative and support activities. Assuming a proportionate reduction to the Alameda County Office of Education budget with the elimination of these duplicative functions, an estimated annual savings of $3.2 Million could be realized through this consolidation.

- Both counties, as well as a substantial number of school districts, currently operate their own separate and competitive data processing systems. Some school districts buy services from other counties. A consolidated Office of Education, serving school districts in both counties, could maintain a centralized management information system to meet the needs of the districts for fiscal, personnel, and student data on a more cost effective basis.

- As in data processing, training and professional development is currently being planned and offered by the counties and the individual school districts. This results in duplicative effort and excessive cost. The opportunity to plan, purchase, and schedule training and professional development on a consolidated basis should realize substantial savings over the current practice.

Potential Annual Savings: **$3.2 Million**

CONCLUSION

This report represents an effort by the "Yellow Beret" Task Force to initiate the process of consolidation of special districts and local government agencies within the Counties of Alameda and Contra Costa. By reviewing and analyzing a representative sample of special districts, it has established the fact that greater efficiencies and significant cost savings can be achieved through an aggressive program of consolidation. A potential annual savings of $58.9 Million was calculated based upon the application of reasonable and conservative judgments with respect to these special districts. An expanded scope of effort by a fully-staffed team of consolidation professionals across the hundreds of special districts and local government agencies throughout the two Counties would eliminate waste and yield substantial savings.

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